

VZCZCXRO3691
PP RUEHCI RUEHCN
DE RUEHKT #0537/01 0721219
ZNY CCCCC ZZH
P 131219Z MAR 07
FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC PRIORITY 5256
INFO RUEHLO/AMEMBASSY LONDON PRIORITY 5115
RUEHKA/AMEMBASSY DHAKA PRIORITY 0997
RUEHLM/AMEMBASSY COLOMBO PRIORITY 5792
RUEHBJ/AMEMBASSY BEIJING PRIORITY 5484
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 3805
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1138
RUEHCN/AMCONSUL CHENGDU PRIORITY 0347
RUEHCI/AMCONSUL KOLKATA PRIORITY 3249
RHMFISS/CDR USPACOM HONOLULU HI PRIORITY
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RHEFDIA/DIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEHGV/USMISSION GENEVA PRIORITY 1541
RUCNDT/USMISSION USUN NEW YORK PRIORITY 2488

C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000537

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E.O. 12958: DECL: 03/13/2017

TAGS: [ASEC](#) [PREL](#) [PGOV](#) [NP](#)

SUBJECT: NEPAL'S TOP LEGISLATOR OPTIMISTIC ABOUT FUTURE

REF: A. KATHMANDU 525

[1](#)B. KATHMANDU 526

Classified By: Ambassador James F. Moriarty for reasons 1.4(b/d).

Summary

[1](#)1. (C) Speaker of the Interim Parliament Subash Nemwang told the Ambassador March 12 that an overwhelming majority of MPs voted March 9 to amend the Interim Constitution per the Prime Minister's speech to the nation in February. According to Nemwang, the package of amendments prioritizes the inclusion of ethnic minorities in government and establishes two commissions -- one to discuss a federal state structure and the second to examine a proportional representation system and delineation of constituencies. Only after these commissions complete their work would the Parliament be able to vote on the fifth and final electoral bill, Nemwang said. He expressed hope that he would soon chair a roundtable conference of Nepal's marginalized groups to address constitutional issues. The Ambassador conveyed his concern over Prachanda's remarks outlining a plot by the Royal Palace to assassinate U.S. Mission personnel (reftels and previous) and stressed the need to hold Maoists accountable for their behavior before allowing them into an interim government.

Amendments to the Interim Constitution

[1](#)2. (C) In a March 12 meeting with the Ambassador, Speaker of the Interim Parliament Subash Nemwang detailed the package of amendments to the Interim Constitution endorsed by the Interim Parliament March 9 in accordance with Prime Minister Koirala's speech to the nation in February. The amendments make the inclusion of ethnic groups in government a priority and recommend establishing two commissions -- one to discuss a federal state structure and the second to examine a proportional representation system and delineation of constituencies. No existing constituencies would be lost; more would be added. Four electoral bills were waiting final Parliamentary approval, but the Home Ministry had not yet submitted the fifth and final "Constituent Assembly (CA) Members" bill, which would lay out the final number of proportional and constituency electoral seats. The Election

Commission had submitted a draft of the CA Members bill to the Home Ministry, which would submit the bill to Parliament after two days. The delineation commission, however, would need to submit its recommendations to Parliament before voting on the last bill could take place.

Parliament To Take The Lead With Ethnic Groups

13. (C) The Ambassador noted Prime Minister Koirala's suggestion that Nemwang might spearhead the government's negotiations with ethnic groups. Nemwang confirmed that he had discussed Janajati concerns that morning with President of the Nepal Federation of Indigenous Nationalities (NEFIN) Pasang Sherpa. He had not yet met directly with the Madhesis, but was working on informal discussions with the Madhesi People's Rights Forum (MPRF). Nemwang hoped to be able to chair a roundtable conference featuring leadership from Nepal's marginalized groups. He hoped that the conference would help shape the final package on elections to the CA. The Ambassador supported parliamentary leadership on this issue, noting it might allow the executive branch to save face in this process.

Prachanda's Threats Unacceptable

14. (C) The Ambassador voiced his concern that Prachanda's claim that the Royal Palace planned to assassinate U.S. officials in Nepal amounted to a blank check to Maoist cadre to attack U.S. officials and then blame the Palace. The Ambassador mentioned his recent discussions with the Prime

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Minister and Home Minister, particularly his request that the Government of Nepal (GON) issue a public statement if the Maoists failed to present evidence to support their claim (Reftel B). Nemwang suggested that he and fellow MPs might also discuss the Maoist threat against U.S. officials with Home Minister Sitaula.

Maoist Behavior Unchanged

15. (C) Nemwang stated that the Home Minister had agreed to allow Maoist MPs to enter Parliament without being searched despite recent incidents of an armed Maoist MP threatening other MPs in Parliament. The Ambassador noted that UN-monitored arms management appeared incomplete as Maoists continued to walk around with weapons in violation of their peace commitments. He detailed two recent incidents involving Maoist extortion of foreign-involved businesses: one with a Canadian-owned call center and the second with Nepali carpet factories that export high-quality carpets to the U.S. In the second case, Maoists had forced the factories to hire unskilled Maoist workers at high wages, which had led to reduced quality and increased costs. Maoist extortion would eventually drive out foreign investment. If the government failed to fulfill its most sacred duty of protecting its people and providing law and order, the Maoists would effectively have taken over control of the country. Nemwang acknowledged that the government continued to face many challenges in the peace process, but said he was hopeful and optimistic that the end result would be positive.

(Note: From his subsequent comments, it would appear Nemwang was speaking for the record and not coming from his personal views. End Note.)

Maoist Atrocities in Speaker's Constituency

16. (C) That same day, Nemwang had received a report from his constituency in Ilam District in the eastern Terai that Maoists had burned between 30 - 40 village huts after farmers had refused to meet extortion demands. The Maoist leadership had tried to claim that the perpetrators were not Maoists.

The Ambassador believed the Maoist leadership could change this behavior if their intent was genuine, but to date had done nothing in that regard. Nemwang agreed, noting that both Prachanda and Baburam Bhattarai had seemed "very positive" about changing Maoist behavior. The Ambassador warned that the Maoists might be considering a return to the streets because they had lost confidence in their ability to win elections. Nemwang agreed that Maoists had reason to be apprehensive about elections as they had not developed a party structure capable of effective campaigning.

GON Should Not Waste Last "Carrot"

17. (C) The Ambassador warned that if the GON allowed Maoists into an Interim Government (IG) before fulfilling their peace commitments, the GON would have effectively given up its last remaining carrot to ensure Maoist compliance. Nemwang agreed that it would become more, not less, difficult to hold Maoists accountable for their actions after formation of an Interim Government. However, Nemwang pointed out, some of his colleagues believed Maoist accountability would be easier to ensure after formation of an IG. This belief seemed more based in hope than logic, the Ambassador replied.

Comment

18. (C) The package of amendments to the Interim Constitution that the Interim Parliament adopted on March 9 addressed two central demands of Madhesis, Janajatis and other ethnic minorities: a federal state structure and the delineation of constituencies based on ethnicity. However, the amendments failed to provide details or establish a time table for action. Considering how much work remains, it is likely that

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Constituent Assembly elections will have to be postponed. As Nemwang pointed out, some here hope that Maoist intentions are positive. Unfortunately, while hoping for the best, a government policy of not enforcing the law in the face of rampant Maoist abuses has left the Government of Nepal ill-equipped to react should the Maoists attempt to seize state control.

MORIARTY